THE COVID-19 PANDEMIC AND SMALL ENTERPRISE RESILIENCE: MATTERS ARISING

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This issue of the *Unizik Journal of Business* features five articles touching on two important topics. The first is about “building back better,” in the aftermath (a hopeful choice of words) of the Covid-19 pandemic and its negative impact on the lives and livelihoods of not just Nigeria and Africa (Igwe, Madichie & Newbery, 2019), but globally. The second element has to do with the precarity in the informal sector (Madichie, Gbadamosi and Rwelamila, 2021) – notably the micro, small and medium-sized enterprises (i.e., MSMEs). Before delving into these contributions, however, it is persuasive to set the tone with a review of a recent United Nations Conference on Trade and Development (UNCTAD) Economic Development Report in Africa 2021.

The report entitled “Reaping the Potential Benefits of the African Continental Free Trade Area for inclusive growth,” – spans across five chapters (plus an introduction) – collectively highlighting the need for inclusive growth in Africa. It also touches on other pertinent issues ranging from People, Informality and Inclusivity; Shared Prosperity through the African Continental Free Trade Agreement (AFCFTA); and the need for an integrated framework and cost-efficient trade measures.

A cursory review of the report highlights some consistency with most other policy reports on the developments orchestrated by the launch of AFCFTA. Indeed, the UNCTAD report is upbeat on AFCFTA being a game changer for the development ambitions in Africa. As the report points out, AFCFTA arrives at a crucial time, marked by the increased poverty levels and socioeconomic setbacks African countries have experienced due to the coronavirus pandemic, and its related financial, climatic and food-related shocks. The launch of AFCFTA, thus presents “a unique opportunity to promote inclusive growth and accelerate the achievement of the post-pandemic recovery, the 2030 Agenda for Sustainable Development and Agenda 2063 of the African Union.” Further inspection of the *Economic Development in Africa Report 2021* outlines the objectives of AFCFTA as a platform to “promote and attain sustainable and inclusive socioeconomic development, gender equality and structural transformation of the State Parties” (UNCTAD, 2021, p. xii). By the same token, the report also acknowledges outstanding issues such as the “urgent need to have a better understanding of how AFCFTA can best achieve this.” The rationale for this caution is predicated upon “the significant challenges faced on the continent and the increasing levels of inequality both between and within countries.”

Before introducing the contribution to this issue, four key themes are teased out of the report and summarised – Inclusive growth; the AFCFTA dividend; People, prosperity and partnership; and Informality and informal cross-border trade.

**Inclusive Growth**

It is to this inequality and/or divergences in the growth of African economies in these precarious times that the subject of *Inclusive growth* is predicated upon. The term refers to both the pace and distribution of growth that ensures not just equity, but equality in opportunities and protection in market and employment transitions, allowing all...
segments of the population equitable access to the benefits of growth. A broad understanding of the impact prospects for more inclusive growth, given increasing inequalities both between and within countries in the region and the negative effects of the COVID-19 pandemic (UNCTAD, 2021, p. 4) would surely help position the growth trajectory of the region well into 2022 and beyond.

**Betting on AFCFTA**

The objectives of the report was to analyse the channels through which key elements of inclusive growth can be achieved under the AFCFTA and to sensitize stakeholders to the importance of strategic policies, complementary interventions and partnerships for inclusive exploitation of benefits. In addressing these objectives, the focus in the report is on specific elements of both the 2030 Agenda and Agenda 2063 as they pertain to inclusive growth (UNCTAD, 2021, p. 14).

The importance of both effective trade reforms and partnerships for an inclusive AFCFTA contends that unless implementation is guided by an efficient integrated framework (from the design of policy actions to implementation and monitoring), including through a strong institutional set-up and cost-effective trade dispute settlement mechanism, achieving an inclusive free trade area will remain elusive, given its multidimensional characteristics; and addresses the opportunities and challenges under AFCFTA resulting from the commitment of countries to global trading systems. The transformational ambition of AFCFTA requires that it be effectively implemented, whereby a level playing field is created for African businesses and workers (UNCTAD, 2021, p. 3). This entails, for example, that producers and traders (large, medium-sized and small firms) all have good access to markets and productive resources. Workers need to acquire better skills to respond to evolving labour market demands (Ibid). Rapid and sustained poverty reduction requires inclusive growth that allows people from different groups (e.g., based on gender, ethnicity and/or religion) and in different sectors (agriculture, manufacturing, industry and/or services) to contribute to and benefit from economic growth.

**People, Prosperity, and Partnership**

Focusing on the three of the Ps under the 2030 Agenda that anchor inclusive growth (people, prosperity and partnership), the challenges faced in informal cross-border trade are assessed, particularly among marginalized groups, to ensure that AFCFTA will be inclusive across sectors and that the growing labour force in the region will be efficiently utilized (UNCTAD, 2021, p. 5). Furthermore, the vulnerabilities of women and youth, particularly in informal employment and informal cross-border trade were noted African development envisaged within the AFCFTA framework. For example, the importance of partnerships in operationalizing the AFCFTA, to effectively foster inclusive growth and post-pandemic resilience in the region (UNCTAD, 2021, p. xiii) was highlighted.

**Informality and informal cross-border trade**

In many countries in Africa, the informal economy, albeit in gradual decline over the past 30 years, remains pervasive and constitutes a significant share of the total economy (UNCTAD, 2021, p. 49), ranging from a low of 21 percent in Mauritius to a high of 59 percent in Zimbabwe in 2018 (Ohnsorge and Yu, 2021).

Although informal cross-border trade is not explicitly reflected in the AFCFTA Agreement and mentioned only indirectly in the Protocol to the Treaty Establishing the African Economic Community (AEC) Relating to Free Movement of Persons, Right of Residence and Right of Establishment, the AFCFTA has the potential to generate significant benefits for informal cross-border traders (UNCTAD, 2021). Complementary measures in favour of an inclusive AFCFTA can entail the adoption of simplified trade regimes, trade information portals and one-stop border posts, building on the initiatives in regional economic communities (RECs) such as the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC) and the...
Economic Community of West African States (ECOWAS, see Igwe, Ochinanwata & Madichie, 2021).
Overall, informal cross-border trade contributes to job creation, especially for vulnerable groups (notably women and young people), and food security through the trade of agricultural goods and economic growth. It is, therefore, a key pillar of intra-African trade integration. The role of informal cross-border trade for inclusive growth and poverty reduction, not only serves as an employer of last resort, but also as a much-needed survival strategy for vulnerable groups for which formal employment opportunities are unavailable. A summary of the challenges faced by women informal entrepreneurs and of gender-specific barriers to entrepreneurial activities and success (UNCTAD, 2021, p. 50) are also discussed.

Contributions for this issue
The five contributions in this issue revolve around Covid-19 and its impact around legal environment and the informal sector; business resilience and demand stimulation in the informal sector; SME survival strategies; business performance of MSMEs in the food and beverage sector; and the livelihood struggles and coping experiences of precarious migrant construction and transport workers.

In the first paper by Olu Joshua, the reader is invited to articulate what the author labels “Business Performance of MSMEs amidst the COVID-19 Pandemic Lockdown: A case study of the Food and Beverage Sector.” This opening article highlights how the Covid-19 pandemic had created what is arguably a “new normal” following what the author described as a “colossal economic loss for lots of businesses”. This study evaluates the impact of Covid-19 pandemic on business performance of MSMEs in food and beverage sector in local government area in Lagos Nigeria. The financial, sales and operational performance across three periods (pre Covid-19 lockdown, Covid-19 lockdown and partial Covid-19 lockdown) to draw conclusions and highlight implications.

Nkemdili Nnonyelu in the second paper, discusses how “COVID-19 Pandemic Lockdown: Livelihood Struggles and Coping Experiences of Precarious Migrant Construction and Transport Workers in Awka, Nigeria.” In that paper, he highlights how the pandemic has affected those in precarious employment – notably migrant construction and transport workers. The study also observed and reported on the coping strategies adopted by these urban poor in the face of the severe shutdown and abrupt termination of their marginal means of livelihood by the State and National governments. Nnonyelu highlighted varied forms of assistance and/or palliatives from governmental and non-governmental organizations, corporate bodies and individuals. The study revealed, that trapped in precariousness, the daily paid workers in the construction and transport sub sectors of the informal economy faced double jeopardy, not only in terms of the starvation earnings that are irregular, and uncertain, but in its total stoppage, with no safety nets, nor savings to fall back on.

In the third paper, Nwokike, explored the legal dimension of the pandemic and moves the conversation in the direction of the informal sector. As he points out, there is imperative need to amend the regulatory and legal frameworks environment to consider the informal sector in this competitive business environment. This contribution highlights how the pandemic has been globally disruptive across the macroenvironment – political, social and economic. Using the illustration of the vaccine distribution saga, he calls for a law that would regulate its production, establishment, transportation and application at both municipal and international levels. Municipal law, according to him is the domestic law of a state regulating the conduct of individuals and legal entities within it while international law is the rules and principles that govern states in their relations intense. The author further argues that the legal environment is one of the external environments under which any business or organization whether formal or informal sector, whether gig economy or job that lasts for long term – thus prompting the need for improving the working conditions of both independent
workers, as contracted employment is the way that people want to earn a living.

In the fourth paper, Ojiagu, Akonu and Ezemba, interrogate the “Business Resilience and Demand Stimulation in Informal Sector in Anambra State” and recommended the provision of credit to firms in this sector to keep them alive and ensure demand stimulation of their products. It also recommended capacity building and strengthening of both institutional and individual spheres to keep businesses in this sector afloat in the event of a disruption. These authors also identified risk assessment as an aspect of business resilient measures which involves three processes: risk identification, risk analysis, and risk evaluation. The above-listed resilient measures demand high financial commitment which most times these informal sector businesses cannot afford.

Olowofeso & Oyedele, in the fifth and final paper, “COVID-19 Pandemic and SMEs Survival Strategies in Nigeria”, explore the effect of the pandemic on SMEs and the possible survival strategies that can be adopted. The study, based on a sample comprising of 285 SMEs owners from the six geo-political zone of Nigeria, revealed that the adoption of the E-business model and the use of technological innovation was the major SMEs strategies to control the COVID-19 pandemic in the study area. The study recommended that SMEs owners should adopt E-business and use relevant ICT technological innovations to enable them to adjust to the new order of doing business and adherence to all the COVID-19 protocols, health policies, and advice in carrying out their day-to-day business activities.

References


